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WRITER'S DIRECT NUMBER
202-736-8236

October 21, 1997

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: Errata for AT&T Comments in CC Docket 97-208

Dear Mr. Caton:

Please accept for filing the attached errata to the Comments of AT&T Corp. in Opposition to BellSouth's Section 271 Application for South Carolina, which were filed October 20, 1997. The enclosed pages are attachment 4 to the Affidavit of Kenneth P. McNeely, Exhibit I to the Comments of AT&T Corp, Vol. 8. Three pages of the attachment were inadvertently omitted during the copying process. The enclosed pages constitute the attachment in its entirety. I have enclosed an original and 17 copies. Thank you for your attention to this matter.

Sincerely,

Michael J. Hunseder

Michael J. Hunseder

cc: Counsel of Record

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ATTACHMENT 4

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Comparison of SCPSC SGAT Order with BellSouth Proposed Order

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Additions to BellSouth Proposed Order by SCPSC in SCPSC Order shown as double underline

Deletions to BellSouth Proposed Order by SCPSC in SCPSC Order shown as ~~strikeout~~

described in the 14-point competitive checklist in its nine-state region. BST has further demonstrated that it is functionally able to provide the same items in South Carolina when ordered by a CLEC.

The Commission approves BST's statement, as modified, so that BSLD may take the first step in the process it must follow to obtain interLATA authority--the filing of an application with the FCC. There is no serious dispute that BSLD's entry into the interLATA market in South Carolina will bring significant consumer benefits to that market. BSLD testified that it has filed a proposed tariff with initial basic MTS rates will be at least 5% lower than the corresponding rates of the largest interexchange carrier. The Commission reasonably concludes that long distance competitors will be compelled to respond with lower rates of their own.

Moreover, BST's entry will release the interexchange carriers from the current prohibition under the act against the joint packaging of local and long distance service. BellSouth is also required under the Act to implement 1+ intraLATA toll dialing simultaneously with its entry into interLATA long distance. These requirements will free all competitors in South Carolina to finally offer the simplified "one-stop" shopping that customers want. BSLD's entry into the interLATA market will give BSLD's customers the same opportunity as customers of other South Carolina local telephone companies (i.e., GTE in Myrtle Beach and

the contrary, experience to date in implementing the Act demonstrates the inherent uncertainty in these changing times. Nevertheless, parties have utilized this process to enter the market. Indeed, the Commission notes that ACSI and BellSouth have voluntarily entered into an approved interconnection agreement in South Carolina that contains interim rates subject to true-up. Having found the true-up process appropriate for both the ACSI and AT&T interconnection agreements with BST, the Commission sees no reason to disapprove BST's Statement because it, too, contains interim rates.

In addition to being legally unsupported, the Intervenor's argument that BST's Statement cannot satisfy Section 252(d) until new cost studies have been completed and permanent rates have been set is completely incompatible with Congress's desire to "open all telecommunications markets to competition."

Thus, the Commission rejects the notion that interim rates are necessarily insufficient to satisfy Section 271. Once the Commission examines the further costs underlying the items offered in the Statement, adjustments may be made to the rates, in the Statement. ~~CLECs that may have purchased items from the statement will have their rates adjusted retroactive to the date they purchased the items.~~

However, MCI raised a concern that competition in the local markets of BellSouth might be chilled because the possibility of an upward adjustment in an interim rate. Therefore, to assure

potential competitors that they would not be harmed by such an upward adjustment, the Commission concludes that any UNE or interconnection established under an interim rate shall be capped under such rate. Any such arrangements may only be adjusted downward. Of course, any downward adjustment will be retroactive to the date the interconnection was established or the UNE was placed in service. The Commission concludes that this procedure will actually encourage early entry into the local market because potential competitors will want to take the largest possible advantage of the capped interim rates.

E. Service Quality Issues are Appropriately Addressed as Enforcement Issues and Not as Part of BST's Compliance With the Checklist.

Sprint's witness Melissa Closz and ACSI witness Jim Falvey complained about service problems allegedly encountered by these CLECs companies in other states. It is worth noting that there is no evidence in this record of any service problems in South Carolina. The Commission further observes that complaints do not rise to the level of proof. ACSI has filed a formal complaint with the FCC and Georgia Public Service Commission and no ruling has been issued in those proceedings. Ms. Closz conceded that Sprint has not even filed a complaint or otherwise sought legal redress for the alleged problems she noted in her testimony.

Even if there were actual proof in this record of inferior service by BST, this proof would be irrelevant to BST's compliance with its duty under Sections 251, 252(d) and the competitive

real incentives for the major IXC's to enter the local market rapidly in South Carolina, because they will no longer be able to pursue other opportunities secure in the knowledge that BSLD cannot invade their market until they build substantial local facilities. Since the intervenors have not established any plan to compete for both residence and business customers in South Carolina, we conclude that this decision is the last avenue open to this Commission to encourage local competition as well as long distance competition. Thus, this decision will also foster real investment by AT&T, MCI, and others in the local market in South Carolina. Allowing BSLD to provide long distance service to South Carolina consumers is in the public interest since it would accomplish Congress's objective of fostering competition in all telecommunications markets.

The Commission must address one procedural matter regarding evidence offered at the hearing. At the conclusion of its case, BellSouth moved to introduce 87 binders of information regarding BellSouth's compliance with the 14-point competitive checklist of the Act, as part of Hearing Exhibit 12. Counsel for AT&T, MCI and Sprint opposed the introduction of the binders, arguing that BellSouth had not submitted the information in support of its application or relied on the information during its case. BellSouth countered that the information had been supplied during the course of discovery in this Docket and was intended to complete the present record. The Commission finds that introduction of the

87 binders would not be appropriate. As the applicant for in-region long-distance service, BellSouth bears the burden under the Act of presenting all relevant evidence to allow the Commission and opposing parties to evaluate its application. BellSouth did not include the material as part of its application to the Commission, and did not use the binders to support the testimony of its witnesses. Accordingly, the Commission declines to accept the 87 binders into evidence.

IT IS THEREFORE ORDERED THAT:

1. BST's Statement of Generally Available Terms and Conditions filed herein shall be modified to incorporate the following language: "The Statement shall be subject to revision to the extent necessary to comply with any final legislative, regulatory or judicial orders or rules that affect the rights and obligations created by the Statement."

2. BellSouth's Statement of Generally Available Terms and Conditions filed herein shall be modified to provide that any local interconnection established or UNE placed in service prior to the rate true-up shall be capped at the interim rate. The rate of each such interconnection arrangement or UNE may only be adjusted downward as a result of the true-up process. Any downward adjustment for an interconnection agreement or UNE in service prior to the true-up shall be adjusted retroactively to

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the date such UNE was placed in service or the date such interconnection agreement was established.

3. The Commission approves BST's Statement of Generally Available Terms and Conditions, as modified above, under Section 252(f) of the Act. BST shall file ten (10) copies of its modified SGAT with the Commission within seven (7) days of receipt of this Order.

4. BST's Statement satisfies the 14-point competitive checklist in 47 U.S.C. § 271(c)(2)(B).

5. The Commission finds that ~~BST's~~ BSLD's entry into the interLATA long distance market in South Carolina is in the public interest.

6. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:

Chairman

ATTEST:

Executive Director

(SEAL)